Faculty Benefits Meeting  
Minutes - September 9, 2014 
8:30 AM

Call to Order

The meeting of the Faculty Benefits Committee (FB) was called to order at 8:30 am in 519 Elliot Bldg.

Attending: Daniel Nugent, Robin Haas, Peter Jurs, Jamie Myers, Amy Dietz, Petra Tschakert, Matthew Woessner and Willie Ofosu

Members accounted for: Susan Basso, Greg Roth, Chris Muscarella, Rebecca Craven

Guests: None

Approval of Minutes and Announcements

According to Standing Rules, Article I, Rules and Procedure, Section 1 (a):

The rules of procedure in the meetings of the University Faculty Senate, except as may be otherwise specified in the Senate Constitution, Bylaws, and Standing Rules, shall be those of Robert’s Rules of Order, Newly Revised 2000. All motions, except as may be otherwise specified in these documents, shall be determined by a majority of the votes cast. Roll-call votes may be initiated only by the decision of the Chair or by a two-thirds majority of senators present and voting. The role of the Parliamentarian is advisory only.

Total membership of the committee is 12. Of this number, 8 were present. Of those present, only 3 were members of the previous committee. The decision was therefore made by the Chair to carry the minutes of April 29, 2014.

The meeting was called to order at 8.31 am and introductions were made.

The chair provided a summary of the agenda for Monday’s chairs’ meeting and reviewed a status report which included the TCYH initiative, and President Barron’s response, adopting the 3.05 ratio for work to benefits. He introduced the Bloomberg BNA article.

As pointed out by Matthew Woessner, the Penn State debate continues to be mentioned prominently in connection with corporate wellness. The incident had a major impact on the industry.

Old Business

On steep salary indexing Matthew Woessner walked the committee through a series of calculations about the likely impact of indexing by multiplying the number of employees in each income class.
By multiplying the net change in individual benefit contributions as reported on the HR website (http://ohr.psu.edu/benefits/insurance/health/ppo-blue/) by the total number of non-union employees in each income category, it is possible to make rough projections of the contributions lost to employees making under $50,000 a year against those gained by those making over $50,000 a year.

Based on these estimations, it appears as though, under any scenario, the funds raised by increasing the rates on those making more than $50,000 greatly exceeds the funds lost by lowering the rates on those making less than $50,000 a year.

If the estimates are correct, the calculations suggest that while HR was highlighting the reduction in insurance contributions to select employees, the university may have instituted a large scale increase in overall contributions to employees overall.

Matthew Woessner asked Robin Haas if HR was aware that the benefits indexing might lead to substantial increases in employee health contributions.

This raises questions about whether these estimates are correct. Matthew Woessner shared a December 1, 2013 email from Susan Basso to Niel Brandt, that implies that the benefits indexing resulted in a reduction of employee contributions to health benefits. A copy of the email, with highlights, was presented to the committee.

Robin Haas commented that this is but one part of the larger benefits package. The complete package will be presented to the committee.

One of the highlights of the email from VP Basso state “Additionally, this year with the introduction of the high deductible option, the model was adjusted to encourage enrollment in that plan for individuals at a certain salary threshold. That was by design”. Matthew Woessner asked if it was appropriate for HR to selectively raise employee contribution rates to “pressure” employees out of traditional health insurance benefits.

Robin Haas clarified that the high deductible plan is clearly in the employee’s best interest. By raising their rates to move them into the alternative insurance program, the university is helping the employees to make the right decision.

Matthew Woessner provided the committee with estimates of the revenue lost as a result of the cancelation of the Take Care of Your Health Initiative (TCYHI) surcharges (one time loss of $1,063,000 in bonuses and $266,00 per month in surcharges). The question was asked whether the changes in benefits indexing (which may have resulted in a substantial increase in contributions ranging between $150,000 and $400,000 a month) may have been tied to the unexpected loss of revenue following the end of the wellness program.

Robin Haas clarified that the salary indexing was in place well before the end of the TCYHI.
Matthew Woessner asked how HR accounted for the lost revenue? Robin Haas did not have the relevant information at hand to answer the question.

Robin Haas stated that HR will prepare a presentation to the committee in October to explain how the benefits indexing impacts Penn State.

**New Business**

Update from the Joint Committee; concerning tuition discounts,
- The two year spousal waiting period is eliminated
- Policy change to permit students to keep the tuition discount if their parent loses their Penn State job
- Removing married exclusion from the tuition reimbursement.
- Summary of the discussion of the potential age cap at 26.
  - Discussion of what is the proper age to cut off a student.
  - Gave number from the Joint Committee of dependents currently enrolled:
    - Age 18-26: 3157
    - Age 26-30: 82
    - Age 39-39: 60
    - Age 40-59: 11
- Currently, students with another degree cannot get the tuition discount. It is impossible to verify if students have other degrees. HR is therefore considering eliminating the limitation.
- Discussion of whether employees who’s parents died as active Penn State employees: Under what conditions should children receive the tuition discount?

On Long-term Care:  
Long-term care insurance rate guarantee is about to expire. After the John Hancock 5-year agreement expires, Penn State will inform faculty and staff of a range of group policies.

The committee discussed whether it is best to steer individuals to a set of long term care providers, or to inform them that they are on their own. HR has identified two potential vendors who would not be endorsed, and would not be under a group plan. It would merely be a discount. Even with a Penn State discount, it would not necessarily be the best deal. The joint committee feels that making a referral would be a useful service to employees. Robin Haas commented that HR has interviewed both of the vendors. The vendors are aware that we are referring, not endorsing.

Peter Jurs informed the committee that Retired Faculty and Staff Club will have an update on Health Care on November 20th at the Penn Stater.
Jamie Myers agreed to prepare a set of recommendations concerning changes to the Grant-in-Aid tuition. (JM is leading an effort for a report to the Senate.)

Jamie Myers brought to the committee’s attention an email from HR. Those in the PPO plan who wish to move to the high deductible plan will not get the three month grace period. This condition applies to all plans.

Robin Haas stated that both logistics and the IRS prevent PSU from permitting people to rollover money from a PPO flexible spending account.

Jamie Myers stated that it is possible to have both, but there are logistic problems. This discourages people from jumping into the new plan. The email claims that the email violates IRS regulations. If it’s logistics, then there is some ambiguity.

Daniel Nugent commented that Penn State has an antiquated accounting system. (Daniel Nugent will lead the effort in preparing the Salary Report to the Senate.)

Peter Jurs commented that Penn State should say that as the accounting systems are upgraded, we will be able to provide this service.

Jamie Myers had two more agenda items for the committee: Many faculty have received requests for verification of their use of flexible spending accounts.

Robin Haas commented that our system is quite antiquated. HR will discuss HRIS (Human Resources Information System) with Board Members. (This aligns with Chair Jonna’s interest in establishing a Communications Culture. This should be discussed further with Susan Basso.)

Jamie Myers suggested that the committee should consider issuing an informational report on summary salary and world campus salary. World campus is beginning to compete with residential summer courses. The committee needs an informational report on the salary earned by faculty for both summer World Campus and summer residential courses.

Amy Dietz commented that World campus is projecting that there will be a decrease in enrollment; from 40,000 to 23,000.

Meeting Adjourned at 10:55 am.